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Gateway to the 80's

Farsighted Merchants to Solve Risk/Reward Crisis

The decade of the discounter has arrived—bringing with it levels of risk and reward seldom equaled in the short history of discount department store chains.

This crisis—for that is what such a combination of opportunity and danger is—will be best resolved by retailers with sufficient courage, commitment and ability to attack the problems and seize the opportunities. Those who plan to "sit it out" with "time-tested" approaches will falter and fail.

But the discount department store industry is replete with farsighted merchants and managers, and as a whole has never been better positioned to maximize its potential.

The crisis of double-digit inflation will continue to bring downside pressure on the personal disposable incomes of our customers, and upside pressure on our operating expenses. However, it will also prompt more and more consumers to seek out the better values offered by discount stores—quality name brand merchandise at lower prices, and soft-line basics of increasing quality, attractively priced.

The crisis of America's aging population will require retailers to carefully track, through extensive consumer and market research, the changing lifestyles and needs of their custom-

Discount executives view the next 10 years—pp. 13-31.

ers. But, it also means that the bulk of the purchasing power controlled by the American consumer will be held by upwardly mobile, career-advancing homeowners who grew up with discounting in the years since 1950.

The crisis of information management brings the danger that discount retailers will either fail to provide adequate data retrieval and fall behind their competitors, or implement excessive data processing that will bury them under an avalanche of under-utilized information at excessive cost. However, the information gathering and processing revolution also provides the capability to obtain item-by-item, day-by-day, store-by-store tracking of the most productive goods. New measurements will evolve, showing the traffic-pulling power and profit production from every sku, from every square foot of display and from every style of presentation.

The energy crisis will add to discounters' woes with increased store operating costs, rising freight bills and worse prospects for repressive Government regulation of in-store environments and operating hours. But, the energy shortages and price hikes will also force consumers to seek the most convenient source for their daily shopping needs. Discount department stores, with broad assortments and convenient suburban and rural locations (as well as in-store or next-door supermarkets) fill the bill.

The crisis of Federal tampering with the free enterprise system will continue to hamper the most-efficient least-inflationary distribution of general merchandise, and the efficient operation of retail businesses. However, excessive Government regulation, from the tea tax to today, sows the seeds of its own defeat. Discounters in the coming decade will organize and cooperate to whatever extent necessary to finally convince the Government bureaucracy that sound business practices and adequate profit potential will produce sound social progress.

Discount Store News, in this first year of a crucial decade, takes a look at the future of discounting in a special "Gateway to the 80's" section.

We like what we see.

—Doug Stinson

Discount Store News®

THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY

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Holiday Mart, recently bought by Daiei Inc., Japan's largest retailer, is one of several Hawaiian discounters that will be slugging it out for market share on the Islands. (DSN photo)

Two Takeovers Revitalize Hawaiian Discountland

HONOLULU—The acquisition of two discount chains embroiled in Chapter XI proceedings has changed the discount climate on the Islands.

The takeover of GEM of Hawaii and Holiday Mart in recent months by two strong Japan-based retailers marked the start of an intense struggle for market position based, in part, on the relative scarcity and high cost of Hawaiian real estate.

The Hawaiian discount market may be in for other changes. Since Pay Less Northwest acquired Pay Less Drug (Calif.), industry observers have been predicting that the 10 Hawaiian Pay Less units will be the first to go. Although the Pay Less stores are about half the size of those of Holiday Mart and GEM, the offering of the 10 stores—with sales estimated at $33 million—would provide a unique opportunity.

Rarely are sizable blocks of retail units of this size available and already Hawaiian retail experts indicate that the waters are beginning to simmer. Whether GEM or Holiday Mart or even some Mainland discounter will emerge the victor is uncertain at this point, but there's little doubt that the Pay Less stores will be a major key

CES Section —See Pp. 51-55

in the discount market share struggle.

With both major discounters agressively seeking to expand and the possibility that Duty Free Shoppers may have some of its market share pulled away as a result of the duty-free licensing bid coming up in November, both companies are

(Continued on page 64)

Energy, Govt. and Uniform Mdse. Marking Are Priorities of Godfrey, New NMRI Chmn.

COLUMBUS, Ohio—David W. Godfrey takes the ups and downs of mass merchandising personally.

As the newly elected board chairman of the National Mass Retailing Institute (NMRI), Godfrey will be as sensitive to industrywide problems as he is to those in his own backyard as chief executive officer of Hart Stores.

Take this current example:

"Many of our consumers in this area work in the coal-mining industry, and we all think there should be more use of coal. By motivating our legislators to push for more use of coal, we can achieve more energy, more jobs, higher employment and more buying power," Godfrey said.

The end result would alleviate inflationary pressures on Harts' customers by attacking the root of the problem, whether it is a Government obstacle, energy shortage and expense, or some other inflationary woe.

This is the same tactic Godfrey will put to work for NMRI. The three trouble spots he will focus on during his term are energy, Government relations and the development of a uniform merchandise marking system within the industry.

"We are probably several years behind other industries in this last area," he said, although he noted NMRI technical and executive committees are now working toward a consensus on the universal product code or optical character recognition systems.

"In food items, the UPC code is 85%-90% complete. Many of our H&BA items and quite a bit of our hard lines are already

(Continued on page 61)

Korvettes Returns to Discount Roots Amid Conflicting Cutback Reports

NEW YORK—Korvettes has gone back to its roots—discount merchandising.

That new direction for the financially troubled chain, long predicted by DSN, was announced by Joseph A. Ris upon his election as board chairman and chief executive officer.

The move back to discounting comes amidst conflicting reports of another major cutback in stores and employees for the company. In the last nine months Korvettes has eliminated 3,000 jobs and closed 13 stores to reduce its operations to just the Metropolitan New York Area, the Greater Washington, D.C., market, Detroit and Philadelphia. (The company denied plans for any new layoffs.)

Korvettes, as part of its retrenchment, was due to meet with its major bank lenders at presstime to present its new, long-awaited marketing and operational program and plans for a restructuring of its debt. The plans reportedly include new short-term financing and lowering of the interest rate on long-

(Continued on page 5)

Auto Tuneup Gear Sales Soar; Glamour Slumps

Special DSN Automotive Report

A tough economy is causing drops in the sales of car beautification products, but buyers said they've been making it up with skyrocketing sales of tuneup equipment and gas-saving chemicals.

Buyers for chains such as Gold Circle, Korvettes and ALCO added that a particularly cold winter along with a heavy push for car winterization products could make 1980 a generally good year.

"I know the market isn't particularly conducive to mass merchandising right now," explained a Gold Circle buyer, "but the business can still be there providing you're pushing the right objects."

The "right" object for many chains this year has been a four-piece tune-up kit, which is registering strong sales in many chains throughout the country.

Korvettes' reported movement of the kit has "picked up dramatically" in recent weeks at a sale price of $29.95.

The item is also particularly popular at ALCO, where it is selling for $22.95.

An ALCO spokesman said, however, that many shoppers—still concerned about quality—are trading up to more-expensive timing lights at $24.95 (the chain's best seller) and $31.99.

Gas additives were strong sellers in most areas, as motorists became more conscious

(Continued on page 61)

Roundup of Recent Annual Meetings

Its Properties to Be 'Developed'

Future of Two Guys' Sites Up in Air

GARFIELD, N.J.—The disposition of Two Guys' stores and sites is up in the air.

Steven Roth and Frederick Zissu, the two top executives of Vornado, Two Guys' parent company, told stockholders at the annual meeting that the chain's properties would be "developed."

But they left unanswered the type of development planned for the sites.

Roth, chairman of the board of directors' executive committee and the key executive at Vornado, told DSN after the meeting that "I'm not going to tell you that we're going to liquidate the retail business."

He indicated that there was too much at stake in the way of employees and potential use of sites to offer a simple answer to Two Guys' future.

"I have a big investment in Vornado and I don't plan to lose money."

Roth is general partner of Interstate Properties, a real estate firm that won control of Vornado in a proxy battle last year. He would be considered the sparkplug in any plan to revamp Vornado into a real estate operation.

Zissu continued as board chairman and chief executive officer after his group lost the proxy fight. Both sides signed an agreement in April institutionalizing the change of control. Interstate also filed a new 13D statement with the Securities and Exchange Commission outlining its plans for Vornado.

Zissu, who answered most of the questions raised at the meeting, declined to say if there were plans to lease or sell any stores besides the units disposed of in the Greater Philadelphia market.

"If I answer that question, I would give information to our competitors and I don't want to help them, so I won't answer."

He asserted, however, that Vornado has the "strength and will and capability to maintain its retail business."

Roth acknowledged that Vornado was still interested in leasing out Two Guys stores outside of its core market of metropolitan New Jersey and New York. This is in line with Interstate's plans contained in a 13D statement filed with the S.E.C. in 1979 when the real estate company launched its attack.

The new 13D states that there aren't any plans for any extraordinary Vornado transaction (such as liquidation) nor any material change in capital or dividends.

"I'm not going to tell you that we're going to liquidate the retail business."—Steven Roth, key Vornado exec.

The 13D also notes that management members agreed not to buy or sell any stock. This doesn't prevent Vornado from buying any of its shares.

The current indefinite plans for Two Guys stores contrast sharply with Interstate's proposals last year to cut back the discounter's operations to just units in New Jersey.

Roth noted that his group's outlook changed due to its becoming part of Vornado's management and receiving "insider information" on operations.

Zissu asserted that the Interstate group has shown a remarkable ability to work with the board, and board members to work with the Interstate

(Continued on page 5)

Merchandise Refinements Are Ahead for K mart as Power Passes to Fauber

TROY, Mich.—It may have been K mart's most important annual meeting ever—and it went off without a hitch.

In a brief, smoothly orchestrated transition of power from builder Robert E. Dewar to merchandiser Bernard M. Fauber, the chairmanship of the nation's leading discount chain was passed on in less than an hour, under the smiling supervision of former chairman Harry Cunningham, who sat at Dewar's left.

The management change positions the chain to maximize the benefits of its operational preparedness while grabbing off bigger market shares through merchandise refinements, during a time when others will be concentrating on execution.

"The start of a new decade is a natural starting-off point," said new chairman of the board Fauber. "We'll build on a strong base that includes 1,728 K mart stores, seasoned senior executives and conservative fiscal policies. There is total corporate commitment to continued openings of new K mart stores, improving the appearance and efficiency of existing stores and maintaining consumer research that will keep us in touch with the K mart customer."

"We have a total corporate commitment to continued K mart openings, improvement of the appearance and efficiency of existing stores and continued studies of the K mart customer"—Bernard M. Fauber, incoming chairman and chief executive officer, K mart.

Fauber, who spoke only briefly (preceded and followed by Dewar), also cited the 381 Jupiter and Kresge stores and K mart's equity in G. J. Coles and Coy Ltd., Australia, as part of the structure on which he would build.

Dewar, in his presentation, listed some of the operational progress made by the chain, including the KIN (K mart Infor-

(Continued on page 11)

Interstate's 7th Mall Due in Fall

Shopping Center and Location	Opening Date	Center Size: Land	Center Size: Building (sq. ft.)	Anchors' Size (sq. ft.)	Total No. of Stores
Fairground Square* Reading, Pa.	September 1980	65 acres	800,000	Penney, 150,000 Boscov, 130,000	95
Oakdale Mall* Johnson City, N.Y.	1975	55 acres	850,000	Sears, 140,000 Ward, 136,000 Bradlees, 85,000 Fowler's, 80,000 Penney, 150,000 (a)	115
Riverside Shopping Mall* Utica, N.Y.	1974	64 acres	535,000	Ward, 124,000 Howland's, 62,000 Bradlees, 96,000 (b)	87
East Windsor Town Center East Windsor, N.J.	1973	20 acres	137,000	Jamesway, 70,000	25
Mall at Manassas* Manassas, Va.	1972	50 acres	500,000	Ward, 140,000 Hecht, 110,000	75
Hackettstown Mall* Hackettstown, N.J.	1971	23 acres	188,000	K mart, 64,000	28
Woolco Plaza Turnersville, N.J.	1971	17 acres	200,000	Woolco, 102,000	23

*Air-conditioned, enclosed mall
(a) Penney will open next year
(b) Bradlees to open in fall '80 in former J. M. Fields

Interstate Properties has six malls in operation and is scheduled to open a seventh in September 1980 with two others on the drawing board.
(Source: Interstate Properties; DSN Research)

Lucky Hoists Fiscal-Year Net by 22%

OAKLAND, Calif.—Earnings for Lucky Stores, the supermarket parent of the Gemco/Memco discount operations, rose 22% to $98 million in the latest fiscal year, according to figures released at the company's annual meeting here last month.

Sales for the discount division, which contributed 32% to its parent's earnings, jumped 20% to $1.52 billion, not including concession sales, for the fiscal year ending Feb 3, 1980. Pretax earnings reached $57,430,000.

Average discount store sales reached nearly $25 million, according to Morton Godlas, president of the general merchandise division. These stores achieved nonfood sales of $220 per square foot, he said.

Although major appliance, men's clothing and jewelry department sales lagged behind results of other departments, Godlas said their volume was above last year.

In analyzing the first quarter, ended May 4, 1980, S. Donley Ritchey, Lucky Stores president and ceo, said: "Our divisions are experiencing mixed results."

Corporate figures reflected a sales increase of 16%, to volume of $1.5 billion, and an earnings improvement of 7% to $19 million, compared to the first quarter in 1979. (The 1979 earnings reflected just under a $3 million reduction from those previously reported, the result of a shift to the LIFO accounting method.)

Volume of Gemco/Memco, less concession sales, rose to $362 million in the first quarter, from $315 million. Pretax earnings were $6.6 million, compared to $6 million in the first quarter of 1979, which also was restated for LIFO.

Total corporate sales for the latest fiscal year were up 25%, to $5.8 billion, and dividends were up 22%, to $49 million.

The company reported a cash dividend increase to 28¢—up 3¢—payable July 3, 1980. This is the 34th year Lucky has paid a dividend and the 16th year—out of 17 years—that it has in-

(Continued on page 11)

Zodys Biz at Record; 4 New Stores, 8 Remodels Set

BEVERLY HILLS, Calif.—Zodys, the discount division of Hartfield-Zodys, is expected to perform especially well in the coming fiscal year—despite dour economic forecasts.

That bullish prediction was made by Edward D. Solomon, president and ceo of Hartfield-Zodys, at the annual meeting.

Solomon announced record sales for the discount division and a commitment by the parent corporation to earmark $11 million for capital expenditures in fiscal 1981. The funds will be used to build four new Zodys units, remodel seven others after the chain's new prototype, and remodel and expand by 20,000 sq. ft. the flagship Hollywood store.

This signifies the beginning of a major four-year corporate expansion program which will require an anticipated $40 million-$45 million in capital expenditures, he added.

Officials predict sales at the end of the four-year period will reach $550 million, with total units reaching 420 including 60 Zodys, 100 Hartfields, 160 Shoe Stops, 30 Karl's and 70 licensed footwear departments.

For the fiscal year ended Feb. 1, 1980, the Zodys division reported record sales of $304,555,000, up 12.9% over the previous year. Comparable same-store sales were up 7.1%.

Total corporate sales, excluding licensed departments, were $339 million, an increase of 7.4% over the previous fiscal year, with income before extraordinary items $7.3 million, compared to the prior $7.2 million. Licensed department sales rose to $74 million vs. $66 million the previous year.

Net income was $11.6 million, or $3.09 per share vs. $15.1 million, or $4.05 per share. Solomon explained that extraordinary items of $4.3 million for the latest year and $8 million the previous year primarily consisted of tax benefits of operating-loss carryforwards.

The carryforwards, he noted, were reduced in the latest year by an extraordinary charge of $2.1 million, which represented primarily the write-off of im-

(Continued on page 61)

In This Issue . . .

THE FUTURE IS COMING. The new decade is here and with it some exciting and exacting opportunities for discounters: videoshopping, more sophisticated EDP capabilities, and the demise of many store departments as we now know them. Even the consumer of the 80's promises to be a new (and tougher) customer. P. 13.

WIRED UP. CE buyers report a more value-hungry consumer is shopping their departments. Hot items: multifeatured, best-price stereos and clock-radios, and black-and-white portable TV's. (Pp. 51-55)

NEW WAVE. Microwave cookware products made their debut on the first-quarter housewares PMA, and were among the items showing the greatest gain in dollar movement. (P. 7)

Departments . . .

Advertising News 34
At the Source 39
Classified Advtg. 59-61
DiscounTalk 8
Discounter Management Development Series 6
Editorial 4
Pilferage Prevention 56
Product Movement Audit Housewares 7

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Vol. 19, No. 12 June 16, 1980

Higher Cost of Doing Business Hurts

First-Quarter Earnings Are a Mixed Bag

Nationwide DSN Report

The higher cost of doing business in the first three months of 1980 collided with typically slow first-quarter sales and a weakening economy to produce a mixed bag of earnings results for discount and general merchandise chains.

Woolworth (all divisions) was at the front of the field this year with an impressive income gain of 193.2% which included adjustments for currency translations and overseas tax refunds.

Grand Central, the 30-unit chain headquartered in Salt Lake City, also posted high earnings for the quarter (boosted by $140,766 in nonrecurring gains), exceeding last year's quarterly profits by 110.1%.

Hartfield-Zodys, parent of the West Coast Zodys discount chain, posted the largest decrease in earnings: a 73% decline from last year's first-quarter results. The drop, however, partially reflected a $1,360,000 tax loss carried forward.

Sterling Stores, parent of Magic Mart, also showed a serious decline in first-quarter figures. Earnings dropped 71.4% from last year's, netting the chain $95,341 on quarterly sales of $26,649,485.

On the brighter side, Duckwall-ALCO (up 24.5%), Wal-Mart (up 32%), Ames (up 13.5%), Caldor (up 10.6%) all closed the first three months with healthy income advances over last year.

The 10.2% gain posted by Gemco/Memco, however, was for operating income only, and included an adjustment for a switch to LIFO accounting.

Several other chains—Pamida, Gaylords, Mars, King's and Twin Fair—finished the three-month period in the red for the second consecutive year.

Earnings for the Big Three—Sears, Ward, Penney—dropped precipitously for the first quarter of 1980. Sears registered a 60.66% decline and Penney's earnings dropped 58.9% compared to first-quarter results for 1979. Ward's loss of $4 million for the first three months of 1979 was surpassed this year with a reported loss of $46 million.

Few conventionals fared better, despite strong sales by discount divisions.

Of these chains, The May Co., parent of the Venture discount chain, fared the best with a slip in earnings of only 1.2%.

For Federated, parent of Gold Circle, Gold Triangle and Richway, earnings for the first three months of 1980 were off by 5.4% to $26.5 million.

Corporate earnings for Dayton Hudson, operator of Target, were down 8.6% to $13,208,000.

Portland, Ore.-based Fred Meyer, posted a 42% decrease in quarterly earnings.

Chain (Date Quarter Ended)	First Quarter Net Income (Loss) Current Fiscal Year	First Quarter Net Income (Loss) Last Fiscal Year	% Gain (Decrease)	First Quarter Sales	% Gain (Decrease)
Woolworth [A, F] (4/30/80)	$25,750,000	$ 8,781,000	193.2	$1,516,146,000	9.4
Grand Central [B] (4/27/80)	181,094	86,188	110.1	47,700,000	12.2
Duckwall-ALCO (4/2/80)	543,223	436,262	24.5	34,188,787	1.9
Wal-Mart (4/30/80)	9,455,000	7,158,000	32.0	314,575,000	31.9
Ames [A] (4/26/80)	1,123,000	989,000	13.5	70,154,000	5.1
Caldor [A] (4/26/80)	1,452,030	1,312,294	10.6	116,885,138	14.9
Gemco/Memco [A, C] (5/4/80)	6,571,000	5,961,000	10.2	362,000,000	14.9
G. C. Murphy [A] (5/1/80)	1,415,000	1,409,000	0.4	168,345,000	1.5
K mart [A] (4/30/80)	39,645,000	45,590,000	(13.0)	2,983,516,000	14.0
Jamesway (5/3/80)	192,000	499,000	(61.5)	55,286,000	23.9
Sterling Stores/ Magic Mart (5/3/80)	95,341	333,792	(71.4)	26,649,485	14.5
Hartfield-Zodys [D] (5/2/80)	703,000	2,599,000	(73.0)	76,374,000	7.0
Pamida (4/30/80)	(463,000)	(847,000)	—	67,239,000	1.0
Gaylords National (3/31/80)	(535,000)	(649,000)	—	23,903,000	9.45
Mars Stores (3/31/80)	(114,010)	(138,190)	—	3,889,799	16.0
King's [A] (5/3/80)	(918,000)	(235,000)	—	118,941,000	11.6
Twin Fair [E] (3/31/80)	(1,927,000)	(1,076,000)	—	47,042,000	6.9
May Co. [A] (5/3/80)	12,408,000	12,561,000	(1.2)	646,568,000	6.7
Federated [A] (5/3/80)	26,500,000	28,100,000	(5.4)	1,322,000,000	9.0
Dayton Hudson [G] (5/3/80)	13,208,000	14,443,000	(8.6)	756,645,000	15.0
Strawbridge & Clothier (5/3/80)	712,294	895,097	(20.4)	79,000,000	9.1
Fred Meyer (4/19/80)	1,473,000	2,539,000	(42.0)	327,302,000	15.1
Penney (4/26/80)	14,500,000	35,300,000	(58.9)	2,350,000,000	0.6
Sears [H] (4/30/80)	(7,000,000)	47,000,000	—	3,507,000,000	3.6
Montgomery Ward (3/31/80)	(46,000,000)	(4,000,000)	—	1,079,000,000	NC

[A] After adoption of LIFO.
[B] 1980 income is after $140,766 nonrecurring gain; 1979 income is after $320,498 tax credit.
[C] Pretax earnings for Gemco/Memco; parent company, Lucky Stores, had net income of $18,858,000, up 7% from $17,703,000.
[D] 1979 income includes $1,360,000 in tax loss carried forward.
[E] Includes operations of Custom Seat Products acquired Jan. 1, 1980 on a purchase basis.
[F] 1980 income includes $20 million refund from Great Britain covering 1975 and subsequent year due under terms of U.S.-British tax treaty; both quarters include equity in net income of British subsidiary and changes in currency valuation that resulted in $3.4 million gain in 1980 compared with $1.6 million loss in 1979.
[G] Retail net earnings exclude discontinued real estate operations.
[H] Results are only for Sears domestic merchandising business. 1980 loss doesn't include $11 million provision for customs duty on imported TVs.

Syracuse Area Market Lures Cook's; 3rd Store Opens, 4th Is Likely

SYRACUSE—Cook's new 55,000-sq.-ft. (selling space) unit is the chain's third in this upstate New York market, and a fourth is likely. Chain executives were staying on after the opening to examine other possible sites.

Why the interest in Syracuse? George Jeffers, president of parent Cook United's retail division explained: "With more stores, we can be more promotional. The area has a good mix of industry, including china, chemicals, specialty steel and two large breweries."

Jeffers went on to point out that the sales plan for the store was not adjusted downward in spite of the slackening economy. Management's optimism comes from Syracuse's diverse industry, and from several merchandising innovations in this Cook's unit.

A new wallpaper section, after extensive testing in other markets, has been added to the paint and home improvement department. Good, better, best merchandising of three basic lines, with 25% of the assortment in the "good" and "best" categories, 50% of the "better," drew high interest from opening-day crowds.

(Continued on page 64)

Cook's new Syracuse store—third in the market area—takes a major position in clocks with this 20-ft. run, 16 ft. across the aisle and an endcap. (DSN photo)

ALCO Trims Store Hours To Control Operating Costs

ABILENE, Kan.—ALCO has begun trimming store hours in an effort to get a handle on operating expenses, according to Robert Soelter, chain president.

The program, which began last month, will be adopted by those stores in the chain whose sales results show a drop-off in productivity, Soelter told DSN.

The hours most likely to be eliminated are from 6 p.m. to 9 p.m. but Soelter emphasized that the ruling is not absolute. In Texas, for example, where Sunday blue laws are in effect, "Saturday night business is too good to disrupt, and thus stores would not be closed early," he explained.

In addition to the store closing announcement, the company reported in its quarterly statement released late last month that corporate sales goals for fiscal 1981 had been adjusted downward from $202 million to $191 million, "in view of first-quarter results and the elimination of seven new stores which were included in the original projection."

"If consumers continue to hold back on purchases," Soelter stated in the report, "that number may change."

For the three-month period ended April 27, 1980, ALCO reported a 24.5% increase in earnings on a 1.9% increase in sales. Soelter attributed this income increase to "a hard-nosed approach to expense control and an improvement in margins."

On same-store sales, however, the company experienced a 4.9% sales decline, according to the quarterly report. This figure does not include sales from the 12 stores opened in calendar 1979.

Film, Flash, Finishing Firm Up Photo Dept. Sales

Special DSN Photo Report

Photo department sales are staying afloat, buoyed by unflagging consumer demand for film, flashbulbs and photofinishing service.

Camera sales, on the other hand, showed some of the signs of weakness reported in other high-technology hard lines.

These mixed results left buyers hoping that this summer's new products—most notably a pocket camera with automatic on/off flash and another with fashionably colored body casings—will generate enough consumer interest to bring equipment sales up to par.

In any event, most buyers say they've not seen enough of a downturn to keep them from putting together a full Christmas program.

"We haven't seen a softening in department sales," reported the Murphy's Mart camera buyer, "except in higher-end goods. Low-end products seem to be doing well."

This downturn in higher-end goods, however, has not affected the chain's Christmas plans. In fact, according to the buyer, the chain is currently testing SLR's (single lens reflex cameras) in 15 of its stores.

"It's the fastest growing segment of the camera market," he said, explaining the decision to begin testing two to five cameras at each of the targeted stores. The top-of-the-line price point is $300, he said.

At Prange-Way, buyer John Dankwardt plans to leave the "peripherals" out of his Christmas buying this year.

"Right now we're just counting on those items with proven track records," he said. By not using its full purchasing power now, he continued, the chain may be able to take advantage of some deals later if there is a further downturn in the market.

Otherwise, Dankwardt said, "photo department sales don't soften as severely or as quickly as other departments'."

Still, the current economy does make it rough for new products, which explains Dankwardt's decision to wait and see how they fare in the market before he adds them to his mix.

(Continued on page 64)

Fishers Big Wheel to Open Six in Mich.

NEW CASTLE, Pa.—Fishers Big Wheel will open six stores in Michigan later this year.

The stores, which will open in Albion, Caro, Bad Axe, Sandusky, South Haven and Saint Johns, will bring to 12 the number of outlets the chain has in the state.

"We thought Michigan presented an opportunity for us," said Marshall Hess, president, "because we already had stores scattered throughout the state."

The new stores, of which only the Albion unit is a takeover building, will each total 43,800 sq. ft. and conform to the chain's usual merchandise presentation, according to Hess.

"We could have reversed our expansion plans, and put off opening the stores," Hess said, alluding to the current economic picture, "but we are looking at our long-range plans and these openings make sense."

Like the other markets where the chain has stores, the Michigan sites targeted for this year's expansion are small towns in the lower half of the state. In fact, only the Albion store has a population of more than 10,000 people. The other targeted towns have an average core population of closer to 5,000.

Discount Store News

PMA®

PRODUCT MOVEMENT AUDIT

Microwave-Oven Cookware Biz Starts to Glow

By Howard Bobroff
President,
Myron Nickman Distributors

Three cookware products geared for microwave ovens showed up for the first time on the housewares Product Movement Audit for Jan. 1 through April 26.

Three other microwave-oven-oriented cookware products were among the housewares that showed the greatest gain in total dollar movement.

This growing interest in cookware specifically designed for use in microwave ovens denoted (a) the heightened consumer interest in this type of cooking, and (b) the extensive assortment of frozen foods now packaged for use in microwave ovens.

Other key trends evident on the audit included the domination of the metal cookware area by products with nonstick coatings; the fashion interest in wicker extending to the bath shop, where two Hanson scales with the wicker look were Nos. 7 and 13 as new items, and the Autumn Harvest design showing up on two Pyrex pieces for the first time as Nos. 7 and 13.

More Important Role

The microwave oven cookware that debuted on the report included an Anchor Hocking bacon rack, No. 13 on the cookware listing; and a browning grill and a 10-in. cooker with built-in rack as Nos. 1 and 13 on the Corning Ware chart.

Other cookware geared for use in microwave ovens included the Grab "4" It set, a microwave cookware set, and the Sidekick two-dish set, Nos. 2, 3 and 7 on the Corning Ware report.

(Those items are in addition to the four Pyrex glass cookware items and the undecorated Grab-It set, No. 10 on the Corning Ware list, that also showed up on the PMA.)

Nonstick-finish goods dominated the metal cookware report, with SilverStone items from two manufacturers—Chilton and Wear-Ever—capturing 11 listings, and Ekco's Baker's Secret copping another three places.

One item made its debut in cleaning & chemicals: Purex's Toss 'n Soft fabric softener which was No. 13. The item is a lower-priced alternative to other softeners and denotes the manufacturer's focus on lower-cost goods, also seen in its 147-oz.-size heavy-duty detergent and Sweetheart soap, Nos. 2 and 4.

Size, the larger the better, was the key to plastics good movement, with trash cans in

(Continued on page 11)

HOUSEWARES

Figures supplied by Myron Nickman, a division of Cook United, Maple Heights, Ohio, cover 900 stores, including 125 discount department stores in the Midwest. Average retail prices listed by the distributor reflect typical price points for discount clients.

TABLETOP

$ Rank Curr. List	$ Rank Prev. List	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	Expressions 20-pc set, Wildflower	2,741	54.61	149,686.01
2	8	Expressions 20-pc set, Indian Summer	2,158	53.52	115,496.16
3	11	Expressions 20-pc set, Meadow	1,956	54.67	106,934.52
4	2	Corelle 20-pc set, gold	2,847	30.59	87,089.73
5	3	Corelle 20-pc set, green	2,482	30.58	75,899.56
6	9	Corelle 20-pc set, Woodland	2,333	30.60	71,389.80
7	10	Corelle 20-pc set, white	2,259	28.77	64,991.43
8	9	Corelle 20-pc set, blue	1,943	30.11	58,503.73
9	12	Expressions 20-pc set, Batik	665	54.88	36,495.20
10	—	Expressions 20-pc set, Blue Heather	419	53.86	22,567.34
11	7	Corelle 5-pc complete set, Woodland	705	16.44	11,590.20
12	13	Corelle 5-pc complete set, gold	628	16.42	10,311.76
13	—	Corelle 5-pc completer set, white	552	16.00	8,832.00
14	9	Corelle 5-pc completer set, blue	538	16.34	8,790.92
15	15	Corelle 5-pc completer set, green	520	16.51	8,580.00

GLASSWARE

$ Rank Curr. List	$ Rank Prev. List	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	Anchor Hocking 24-pc st, Nwprt Gld	1,590	7.24	11,511.60
2	2	Anchor Hocking 24-pc st, Nwprt Crstl	867	7.60	6,589.20
3	—	Libbey 6½-oz tall wine, Citation, 4-pk	1,164	3.86	4,493.04
4	6	Libbey 10-oz goblet, Citation, 4-pk	1,050	3.88	4,074.00
5	4	Libbey 6½-oz round wine, Citation, 4-pk	1,032	3.86	3,983.52
6	7	Libbey 12-oz bev, Valleybrook, 8-pc	660	5.24	3,458.40
7	8	Libbey 12-oz bev, Meadow, 8-pc	606	5.26	3,187.56
8	—	Libbey 1-oz cordial, Citation	822	3.84	3,156.48
9	—	Anch Hokng 5½-oz stm wne, Wxfd 4-pk	558	5.59	3,119.22
10	—	Libbey 12-oz bev, Harvest Time 8-pk	630	4.93	3,105.90
11	—	Libbey 6¼-in Crystal egg jar	3,012	1.02	3,072.24
12	—	Anchor Hocking salt & pepper set, Wxfd	948	3.22	3,052.56
13	10	Libbey 6½-oz sherbet, Citation, 4-pk	786	3.85	3,026.10
14	—	Libbey 2-gal crystal milk bottle	248	1.19	2,951.20
15	—	Anchor Hckng cndy dsh w/cvr, Wxfd	954	3.05	2,909.70

COOKWARE

$ Rank Curr. List	$ Rank Prev. List	Item	Unit Movement	Average $ Retail	Total $ Movement
1	—	Chilton 11" saute pn, almnd, SlvrStne	4,068	7.92	32,218.56
2	—	Chilton 7⅞" saute pn, almnd, SlvrStne	3,456	5.75	19,872.00
3	—	Chilton 10" fry pan, alum, SilverStone	2,592	7.46	19,336.32
4	—	Chilton 11" griddle, alum, SilverStone	2,204	7.64	16,838.56
5	1	Wear-Ever 10" ste pn, Prm, SlvrStne	1,780	9.21	16,393.80
6	—	Chilton 7½" fry pn, alum, SlvrStne	2,704	5.28	14,277.12
7	3	Wear-Ever 12" ste pn, Prmum, SilvrStne	744	11.98	8,913.12
8	12	Ekco 1" deep Baker's Secret cookie sheet	3,660	2.34	8,564.40
9	7	Wear-Ever 10" fry pn, Prmum, SilvrStne	716	11.90	8,520.40
10	—	Chilton 9⅛" saute pn, almnd Slvr Stne	1,080	7.56	8,164.80
11	4	Wear-Ever sqre grddle, Prmum, SilvrStne	844	10.08	8,507.52
12	2	Wear-Ever 8" fry pan, Prmum, SlvrStne	948	7.76	7,356.48
13	—	Anchor Hocking bacon rack, microwave	1,536	4.62	7,096.32
14	9	Ekco Baker's Secret oblong bake pan	3,264	2.09	6,821.76
15	—	Ekco ¾" dp Baker's Secret cookie sheet	2,988	2.09	6,244.92

GADGETS

$ Rank Curr. List	$ Rank Prev. List	Item	Unit Movement	Average $ Retail	Total $ Movement
1	2	Swing-A-Way hand can opener, chrome	2,772	2.76	7,650.72
2	1	Rhodes timer, mini-minder	1,494	4.68	6,991.92
3	3	Swing-A-Way hand can opnr, jr prtbl	2,832	1.39	3,936.48
4	8	Range Kleen 6" reflector bib	1,908	1.96	3,739.68
5	9	Range Kleen 8" reflector bib	1,524	2.35	3,581.40
6	4	Frigidaire ice cube tray	3,592	0.98	3,520.16
7	—	Ekco small nylon tmr, blk hnd	2,670	1.30	3,471.00
8	—	Gemco food chopper	2,076	1.60	3,321.60
9	—	Ekco small nylon pnck tmr, blck hnd	2,550	1.30	3,315.00
10	—	Foley 16¼" rolling pin	1,296	2.55	3,304.80
11	—	Foley 18" rolling pin	792	4.07	3,223.44
12	—	Foley 3-cup sifter	1,704	1.86	3,169.44
13	7	Foley 2-qt food mill	492	6.41	3,153.72
14	6	Foley 4-pc measuring pan set	876	3.58	3,136.08
15	12	Ekco paring knife	2,700	1.04	2,808.00

(Continued on page 11)

MOTORCRAFT

THE 8TH PLUG'S ON THE HOUSE.

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Motorcraft

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Discount Store News

PRODUCT MOVEMENT AUDIT

Microwave Oven

(Continued from page 7)

the over-20-gal. capacity from Lustro-Ware and Fesco accounting for eight of the listings. Consumers went for the larger sizes as part of the spring cleanup effort, with those items favored as replacement goods because of their greater capacity.

The seasonal interest in housewares wasn't limited to cleanup. Gearing for entertaining was also a consumer activity and it was evident in the strong showing of Citation-design barware. Five Libbey glassware items in this pattern made the report.

The top two places in glassware went to 24-pc. Anchor Hocking sets in Newport gold and crystal designs. The low price for this number of pieces

(Continued on page 46)

HOUSEWARES

(Continued from page 7)

$ Rank Curr. List	$ Rank Prev. List	Item	Unit Movement	Average $ Retail	Total $ Movement
PLASTICS					
1	2	Lustro-Ware 24-gal trash can, green	3,102	11.37	35,269.74
2	15	Lustro-Ware 9-qt rect waste basket	7,752	1.69	13,100.88
3	3	Fesco 32-gal trash can, avocado	990	12.40	12,276.00
4	9	Lustro-Ware 44-qt rect waste basket	2,520	4.03	10,155.60
5	—	Lustro-Ware 24-gal domed trash can	732	12.81	9,376.92
6	10	Fesco 1½-bush round wicker baskt	3,738	2.44	9,120.72
7	—	Alabaster 30-oz tumbler	23,784	0.37	8,800.08
8	—	Lustro Ware 11-qt heavy duty pail	5,136	1.71	8,782.56
9	4	Lustro-Ware 12-gal container, spring top	1,152	6.94	7,994.88
10	1	Fesco 20-gal trash can, avocado	1,062	7.07	7,508.34
11	7	Alabaster dust pan	17,184	0.43	7,389.12
12	13	Fesco 40-qt round basket, gold	2,010	2.95	5,929.50
13	—	Fesco 40-qt round basket, avocado	1,986	2.95	5,858.70
14	—	Lustro-Ware oval laundry basket	1,764	2.86	5,045.04
15	—	Lustro-Ware 44-qt container, fliptop	876	5.75	5,037.00
CLEANING AND CHEMICALS					
1	2	Stick Goods 8" Roll-O-Matic mop	5,520	6.71	37,039.20
2	4	Purex 147-oz heavy duty detergent	4,134	4.67	19,305.78
3	—	Texize Fantastic 32-oz spray	16,884	1.12	18,910.08
4	—	Purex Sweetheart 22-oz dish liquid	33,300	0.49	16,317.00
5	15	Bissell aerosol upholstery shampoo kit	5,568	2.70	15,033.60
6	7	3M Scotch Guard 16-oz	4,368	3.44	15,025.92
7	—	Stick Goods heavy duty corn broom	4,872	3.05	14,853.30
8	—	Johnson Future 46-oz liquid	3,858	3.85	14,853.30
9	—	Texize Glass Plus 32-oz spray	14,040	1.02	14,320.80
10	—	Dracket corn broom light & easy	3,768	3.79	14,280.72
11	—	Purex Brillo pads, 10-count	25,584	0.55	14,071.20
12	1	Airwick Carpet Fresh 14-oz	7,536	1.84	13,866.24

(Continued on page 46)

K mart's Annual Meeting

(Continued from page 2)

mation Network) system, now installed in some 300 locations, with on-line capability to some vendors. Dewar predicted more than 700 KIN installations by the end of 1980, and some POS data retrieval testing.

Dewar also touched on the chain's distribution system, pointing out that by 1983, 11 distribution centers would be in operation (there are five now), bringing most K mart stores within one day's travel, "improving turns and reducing store inventories."

But Dewar's final point underscored the chain's merchandising preparation for the 1980's:

"A change of emphasis will refocus management efforts on store appearance, merchandising and store operations," he said.

Neither Dewar nor Fauber made mention of K mart's recent decision to test an upgraded racetrack store design or upgraded merchandise presentations, but the theme of the shareholders meeting was K mart's preparation to improve its market share during the 1980's—a share that already ranges from 1% to 10% in specific markets.

In a decade when management of many chains will be concentrating on operational economies, K mart remains focused on increased market share—in past years through simple expansion, now through both expansion and merchandise refinements.

Lucky Stores

(Continued from page 2)

creased dividend payments.

In light of Lucky's planned offerings of $50 million of notes due June 1, 1987, and $50 million of sinking fund debentures due June 1, 2005, Ritchey said officers were cautioned against making any remarks about future expansion plans.

In 1980, Lucky plans to commit $135 million in capital expenditures to open between 170 and 180 new units and to complete 45 major remodels in all divisions.

Gemco/Memco will enter North Carolina this year and further expand its Nevada, Arizona, Maryland and Virginia operations. Gemco/Memco combined will open 6-10 new units per year over the next few years.

Up 'n' Coming In the Midwest

The following "High Risers" chart lists items (and their rank) that have moved up five or more places from the previously published Myron Nickman Distributors Housewares PMA. In addition, under the heading "New Items" are the items (and their rank) that are appearing for the first time on the report.

Category/Item	Rank
HIGH RISERS	
TABLETOP	
Expressions 20-pc set, Wldflwer	2
Expressions 20-pc set, Meadow	3
Exprssns 20-pc set, Blu Hther	10
Corelle 5-pc cmpltr set, wht	13
GLASSWARE	
Libbey 6½-oz tall wine, Citation	3
Libbey 1-oz cordial, Citation	8
Anchor 5½-oz stm wn, Wxfrd	9
Libbey 12-oz bev, Harvest Time	10
Libbey 6¼-in Cystal egg jar	11
Anchor slt & peppr set, Wxfrd	12
Libbey 2-gal Cystal milk bottle	14
Anchor cndy dsh w/cvr, Wexford	15
COOKWARE	
Chilton 11-in ste pn, almd, SilStn	1
Chltn 7⅞-in st pn, almd, SilStn	2
Chilton 10-in fy pn, alum, SilStn	3
Chilton 11-in grddl, alum, SilStn	4
Chilton 7½-in fr pn, alum, SilStn	6
Chilton 9⅓-in st pn, almd, SilStn	9
Ekco ¾-in dp Bkr's Scrt cky sht	15
GADGETS	
Ekco small nyln turnr, blck hnd	7
Ekco sml nyl pnck trn, blck hndl	8
Gemco food chopper	9
Foley 16¼-in rollng pin	10
Foley 18-in rolling pin	11
Foley 3-cup sifter	12

(Continued on page 46)

Caldor Sales Up 15% in April

NORWALK, Conn.—Caldor reported a 15.3% gain in April sales, to $41.2 million for the four-week period. Sales for the 13-week quarter, also ended April 26, increased to $116.9 million, 14.8% over the previous first quarter.

Caldor operated 50 stores last year, and 58 in 1980, two of which did not open until March.

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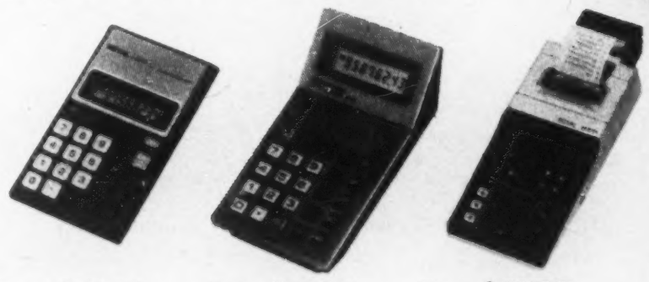

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ROYAL

ROYAL BUSINESS MACHINES, INC.
CONSUMER PRODUCTS

Calculators • Typewriters • Pencil Sharpeners • Micro Cassette Recorders • Ribbons

HOUSEWARES

(Continued from page 11)

$ Rank Curr. List	$ Rank Prev. List	Item	Unit Movement	Average $ Retail	Total $ Movement
13	—	Purex Toss 'n Soft, 40-count	7,896	1.73	13,660.08
14	—	Drackett sponge mop, speed scrub	3,168	4.14	13,115.52
15	—	Johnson Lemon Pledge 14-oz	6,804	1.92	13,063.68

BATH SHOP

1	2	Selfix portable shower spray	888	6.65	5,905.20
2	1	Selfix shampoo spray	3,192	1.51	4,819.92
3	—	Gray shower caddy, white	2,094	2.00	4,188.00
4	3	Ekco 18" towel bar, chrome	2,856	1.46	4,169.76
5	4	Ekco toilet tissue holder, chrome	2,760	1.43	3,946.80
6	—	Gray king size shower caddy, white	1,008	3.49	3,517.92
7	—	Hanson scale, wicker, white	240	14.20	3,408.00
8	8	Selfix toilet tissue holder, plastic	3,240	1.05	3,402.00
9	10	Selfix 24" towel bar, plastic	2,172	1.47	3,192.84
10	14	Selfix 18" towel bar, plastic	2,412	1.32	3,183.84
11	5	Ekco 24" twin towel bar, chrome	1,362	2.30	3,132.60
12	7	Ekco 24" towel bar, metal	1,752	1.78	3,118.56
13	—	Hanson scale, wicker, white	212	14.17	3,004.04
14	—	Selfix twin hook, 2-pack	3,516	0.84	2,953.44
15	11	Ekco 18" twin towel bar, chrome	1,368	2.04	2,790.72

RUBBERMAID

1	1	32-gal Refuse container, Roughneck	606	17.81	10,792.86
2	—	Covered wastebasket, chocolate	1,962	4.83	9,476.46
3	2	20-gal Refuse container, avocado	936	9.70	9,079.20
4	3	Delux dish drainer, gold	2,094	4.03	8,438.82
5	—	Ice cube tray, blue	16,656	0.50	8,328.00
6	11	10¾" Rectang laundry basket, almond	2,274	3.47	7,890.78
7	—	Covered wastebasket, gold	1,656	4.76	7,882.56
8	10	10¾" hi Rectang laundry basket, choc	2,250	3.47	7,807.50
9	—	10¾" hi Rectang laundry basket, gold	2,190	3.47	7,599.30
10	4	Delux dish drainer, chocolate	1,842	4.03	7,423.26
11	8	15¾" Drainer tray, gold	2,496	2.93	7,313.28
12	5	Delux dish drainer, almond	1,704	4.02	6,850.08
13	14	10¾" hi Rectang laundry basket, orange	1,932	3.44	6,646.08
14	—	15¾" Drainer tray, almond	2,238	2.93	6,557.34
15	—	10¾" hi Rectang laundry basket, avoc	1,830	3.43	6,276.90

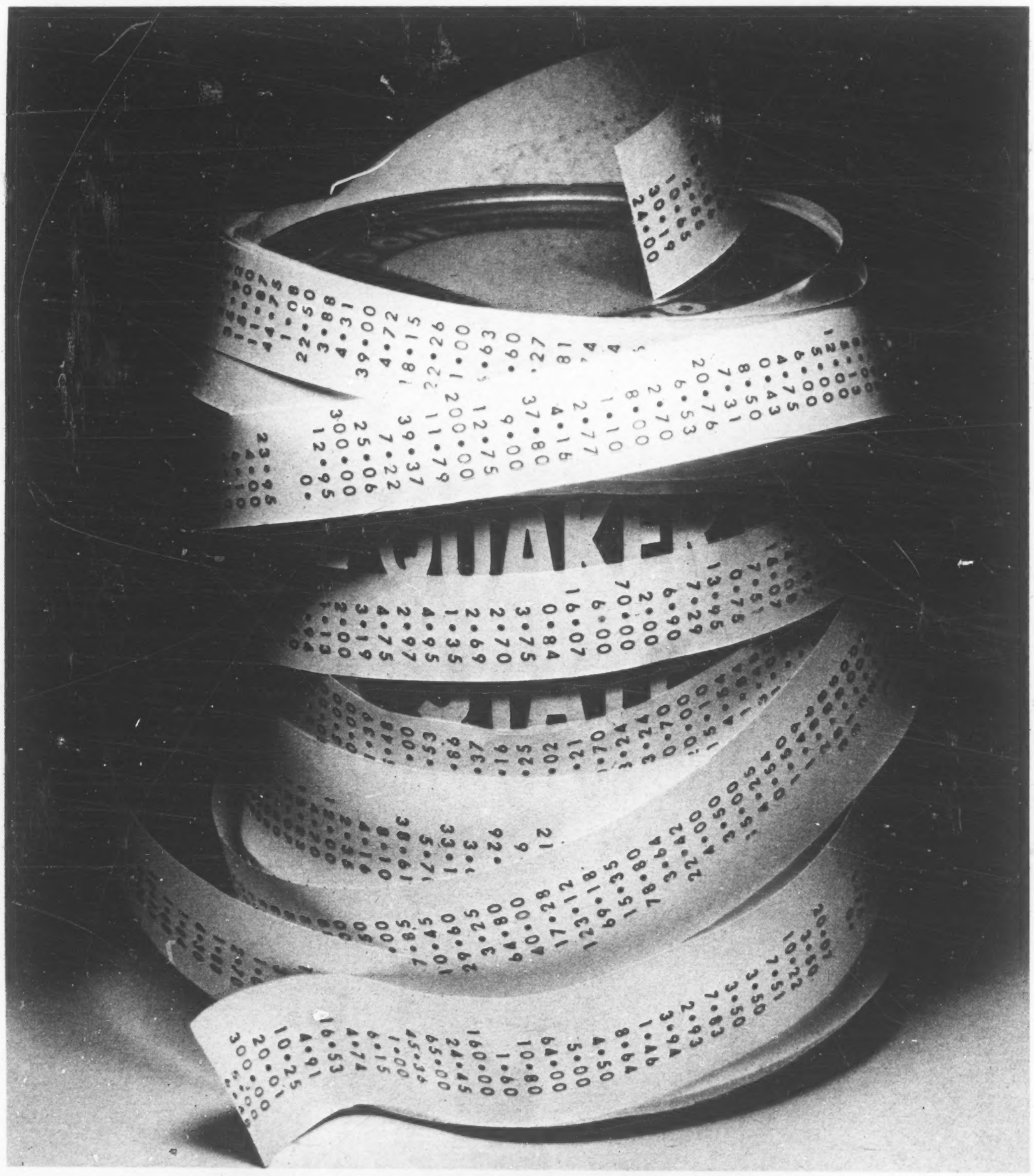
CORNING WARE

1	—	Microwave browning grill	2,223	16.56	36,812.88
2	9	Grab-4-It set	2,595	13.17	34,176.15
3	12	Microwave set	922	28.38	26,166.36
4	—	Cook's Choice set, Wildflower	525	41.86	21,976.50
5	3	Menu-ette set, Cornflower	1,424	13.61	19,380.64
6	10	Open roaster, large, Cornflower	953	15.51	14,781.03
7	13	Sidekick	2,907	4.86	14,128.02
8	7	Menu-ette set, Wildflower	746	17.40	12,980.40
9	—	6-cup Teapot, Spice	1,109	11.26	12,487.34
10	1	Grab-It set	1,683	7.22	12,151.26
11	—	3-qt Saucepan, Spice	859	13.82	11,871.38
12	11	Cook's Choice, Spice	260	42.36	11,013.60
13	—	10" Microwave cookr w/ built-in rack	847	12.32	10,435.04
14	—	2½-qt Casserole, Spice	727	13.47	9,792.69
15	—	Kitchen Starter set, Cornflower	370	25.82	9,553.40

PYREX

1	—	3-qt Oblong bake dish w/basket	1,856	10.19	18,912.64
2	—	4-pc Bowl set w/handle, gold	1,252	9.62	12,044.24
3	—	3-pc Casserole set, gold	796	10.85	8,636.60
4	—	2-liter Juice jar	3,756	2.24	8,413.44
5	4	4-pc Bowl set w/handle, green	864	9.35	8,078.40
6	12	4-pc Bowl set w/handle, Woodland	776	10.05	7,798.80
7	—	4-pc Bowl set 2/handle, Autumn Harvest	720	9.70	698.40
8	3	3-qt Oblong bake dish	1,650	3.91	6,451.50
9	—	2-qt Casserole w/basket	576	10.18	5,863.68
10	9	6-cup Percolator	572	9.77	5,588.44
11	10	2-qt Oblong bake dish	1,398	3.54	4,948.92
12	5	1-cup Liquid measure	3,120	1.51	4,711.20
13	—	3-pc Casserole set, Autumn Harvest	388	11.16	4,330.08

Source: Myron Nickman Distributors



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Quaker State helps build profits.

Discount Store News

PMA®

PRODUCT MOVEMENT AUDIT

Microwave-Oven

(Continued from page 11)

was the key to the showing.

The gadget report included a number of items that heralded the upcoming canning season. These included a Gemco food chopper, Foley 3-cup sifter and 2-qt. food mill, and Ekco paring knife, Nos. 9, 12, 13 and 15. These products, besides their yearlong use, are important aids for preparing foods for home canning.

The color scene in the Rubbermaid listing was as follows: Gold captured the most items, four, with chocolate and almond tied with three each, and avocado with two.

This array in favor of two more-or-less neutral colors, gold and almond, and only one strong shade, chocolate, indicated that consumers are interested in more muted colors.

In Midwest

(Continued from page 11)

PLASTICS
Lustro 9-qt Rect waste baskt 2
Lustro 24-gal dome trash can 5
Alabaster 30-oz tumbler 7
Lustro 11-qt heavy duty apil 8
Fesco 40-qt round baskt, avoc ... 13
Lustro oval laundry basket 14
Lustro 44-qt container, fliptop ... 15

CLEANING & CHEMICALS
Texize Fantastic 32-oz spray 3
Purex Sweatheart 22-oz dish lqd .. 4
Bissell aerosol uphlstry shmp kt .. 4
Stick Goods hvy dty crn brm 7
Johnson Future 46-oz liquid 8
Texize Glass Plus 32-oz spray 9
Drackett corn broom, lite & easy . 10
Purex Brillo pads, 10-count 11
Drackett sponge mop, spd scrub . 14
Johnson Lemon Pledge, 14-oz ... 15

BATH SHOP
Gray shower caddy, white 3
Gray king size shower caddy, wh .. 6
Selfix twin hooks, 2-pk 14

RUBBERMAID
Covered wastebasket, choc 2
Ice cube tray, blue 5
10¾-in. hi Rectng ldry bskt, alm .. 6
Covered wastebasket, gold 7
10¾-in. hi Rectng lndry bsket, gld . 9
15¾-in. Drainer tray, almd 14
10¾-in. hi Rectng lndry baskt, avoc 15

CORNING WARE
Grab "4" It set 2
Microwave set 3
Cook's Choice, set, Wldflwr 4
Sidekick 7
6-cup Teapot, Spice 9
3-qt Saucepan, Spice 11
2½-qt Casserole, Spice 14
Kitchen Starter set, Crnflwer 15

PYREX
3-qt Oblng bk dsh 2/bkst 1
4-pc Bowl set w/hndl, gold 2
3-pc Casserole set, gold 3
2-liter Juice jar 4
4-pc Bowl set w/hndle, Woodlnd .. 6
2-qt Casserole w/basket 9

NEW ITEMS

COOKWARE
Anchor bacon rck, microwave ... 13

CLEANING & CHEMICALS
Purex Toss 'n Soft, 40-ct 13

BATH SHOP
Hanson scale, wicker, white 7
Hanson scale, wicker, choc 13

CORNING WARE
Microwave browing grill 1
10-in. Microwave cooker w/rack .. 13

PYREX
4-pc Bowl set w/hdnl, Autm Hrvst . 7
3-pc Casserole set, Autmn Hrvst . 13

CONSUMER ELECTRONICS SHOW SECTION

13-in. Color TV's Pace CE Biz as Economy Pinches

Nationwide DSN Report

Portable televisions and low-cost clock-radios loaded with features have become hot items in a consumer electronics industry beginning to feel the pinch of a tight economy.

Discounters said customers, looking to avoid the skyrocketing cost of gasoline and vacationing, are boosting purchases of products geared to at-home recreation.

Especially strong sellers in the consumer electronics area are 13-in. color portable and AC/DC black-and-white TV sets.

Almost as hot are the lesser-known makes of clock-radios and tape decks that can still be purchased at the same price that brand names cost more than a year ago.

"It was kind of slow last month, but we're really beginning to pick up on small-screen portables and on the type of things you can carry with you," said a buyer for FedMart.

The optimistic note came amidst comments by some discounters that the worsening economy may be about to catch up to the consumer electronics department.

Already hard hit, said buyers for some of the nation's larger chains, are the fringe items—equipment at the top and bottom of all lines that may be attention getters but that never accounted for much in sales.

Discounters are also reporting sales drops in top-of-the-line and brand name models of clock-radios and home sound equipment.

"Something's happening out there, and I don't think its going to be fun," explained Richard Millner, an ALCO buyer. "It's the economy."

Most chains surveyed said last Christmas went well, but that sales have begun to suffer since then.

"It only hit us in the last four weeks," explained Michael LaComba, of lessee Starlett Stores, which sells consumer electronics in Treasure City and Laneco discount department stores.

"It could get very, very rough out there," he warned.

Discounters said they've been able to minimize the effects of the tight economy by recognizing changing consumer demand.

Seeking the greatest value, consumers are scrambling for the largest number of features at the lowest possible price.

In the coming months, consumers are going to be looking for items such as weather bands on radios, and tape decks that can play both 8-track and cassette tapes, according to discounters from various chains.

The net result of the changing economy for the chains, said Lowell Corbin, vice president of Mr. Wiggs, has been a "return to the basics."

"We're taking an introspective look at ourselves and asking who we really are and how we can best be of service to our customer."

The new priority, he said, includes stocking a heavy percentage of small radios and cassette players—the kind that can be purchased for relatively little money and carried home.

In addition Corbin said he's had luck pushing items with a large number of features—even if they tacked a bit onto the price. Mr. Wiggs' hottest item so far has been an AM-FM radio that plays cassette and 8-track tapes.

ALCO's Millner is also trimming all the fat from department inventory. He said he's eliminating all the "window dressers"—items carried to give customers the impression that a complete line is sold, but that "do not hold their own."

A Gold Circle buyer said his chain has been experiencing strong television sales. But he offered another reason than the gas shortage for the trend:

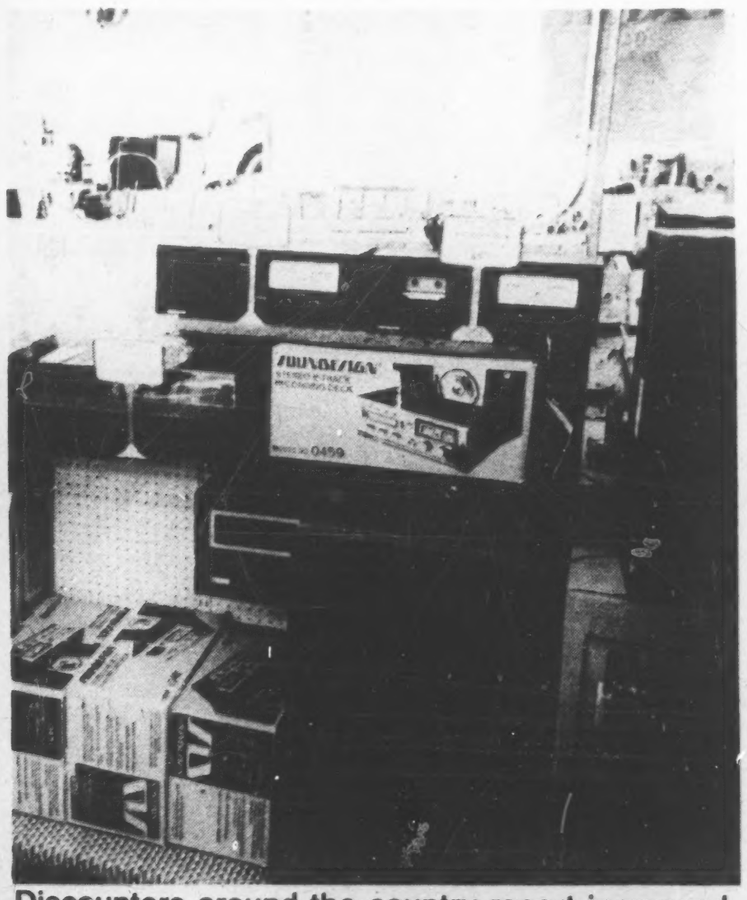
"It's still part of the American way of life to keep up with the Joneses, and they're doing it by getting another television."

Inventory watching, upscale merchandising (a la its Ward parent) give Jefferson an edge over an economy that has most CE buyers looking grim. (DSN photo)

The Outlook: Lower-ticket Items to Gain

The 1980 outlook for consumer electronics items includes:

- Stepped-up consumer demand for portable televisions. Thirteen-inch color and AC/DC black-and-white models will be particularly popular as more people seek at-home activities.
- Price drops on television games. New, more sophisticated models are due to start coming on the market within a year, however, and some retailers may get stuck with obsolete equipment.
- Fast movement on low-to-medium-ticket portable items with plenty of features. High-ticket items and heavy items such as console televisions won't move as fast as the year progresses.



Discounters around the country report increased consumer demand for moderately priced stereo systems. Barkers, Metairie, La., is among those retailers stocking shelves accordingly. (DSN photo)

Discounters Hold Margin Line; Section Size Keeps Growing

The gross margin of discount chains' consumer electronics departments appears to have held its own last year in the face of skyrocketing energy costs and the ravages of inflation.

With the final tallies in, the chains' gross margin remained at 21% in 1979, only one percentage point under the 22% of 1975-77.

The departments are becoming larger—2.5% bigger, at 2,000 sq. ft., than in 1978. That's a whopping 89% larger than in 1974.

Annual turns of merchandise remained steady at three, while the volume per square foot was up 1.5% over the previous year's figure of $203.34.

The initial markup on merchandise was steady at 26%—up from the 25% recorded in 1972 and the 24% in 1973, but unchanged since 1975.

	1972	1974	1975	1976	1977	1978	1979	8-year change	5-year change	'79 vs. '78
Dept. Size (sq. ft.)	1,200	1,058	1,145	2,215	1,950	1,950	2,000	+66.6%	+89.0%	+2.5%
Annual Turns	3.2	3.4	3.5	3.1	3.1	3.0	3.0	−6.3%	−11.8%	NC
Volume per sq. ft.	$195.00	$185.00	$181.00	$196.61	$197.23	$203.34	$206.44	+5.9%	+11.6%	+1.5%
Initial Markup	25%	24%	26%	26%	26%	26%	26%	+4.0%	+8.3%	NC
Gross Margin	21%	20%	22%	22%	22%	21%	21%	NC	+5.0%	NC

NC—no change

Source: DSN Research

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PMA's | **Automotive—P. 16**
Health & Beauty Aids—P. 14

Discount Store News®

THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY

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This Is It: K mart's Upscale Apparel-Display Prototype

LODI, N.J.—The first step in K mart's apparel upgrade away from piperack traditionalism was unveiled in a test store here.

The effects of this experiment by discounting's conservative, No. 1 chain will have far-reaching impact on the industry.

If successful, and implemented in all K mart stores, the upgrade will make K mart a much tougher competitor of the many regional chains that have not yet upgraded their apparel merchandising, and improve the chain's performance against the tradeup regional chains.

If unsuccessful, abandonment of the upgrade will signal K mart's surrender of a portion of the discount market to more innovative and imaginative merchandisers.

The ladies' wear department here was given a brand new fashion look and a race-track aisle.

In place of the 30-ft. piperacks and price-appealing basic apparel that are K mart's stock in trade, fashion merchandise is arrayed on rounds, deltas and waterfalls along the entire left front quadrant of the store.

Merchandise is displayed almost exclusively in style or color groups—the exception being delta racks of jeans organized by size. The 140-ft. race track aisle runs the length of the department before it dead ends in lingerie. The aisle is not a race track—it does not continue around the entire store—but gives that appearance because K mart has outlined its 4-ft. width

(Continued on page 8)

This 4-ft. wide, 140-ft.-long race track-style aisle runs the length of ladies' wear at the K mart in Lodi, N.J., but dead ends in lingerie at the far wall. (DSN photo)

Color, excitement and style—a full-force fashion statement—are the key characteristics of K mart's new apparel department presentations. The department went from just a few rounds along the T-aisle and in the window, to nothing but rounds, deltas and waterfalls—and merchandising by style and color. (DSN photo)

54 SPARC Finalists Selected

NEW YORK—Fifty-four finalists have been selected in the *Discount Store News* SPARC (Supplier Performance Award by Retail Category) contest. *See list p. 5.*

The finalists, three manufacturers in each of 18 product categories, were selected in a poll of discount store buyers who were asked to identify the five best suppliers in their merchandise category.

Weighted values were given to first-, second-, third-, fourth- and fifth-place votes, and the three highest-scoring suppliers became the finalists in each category.

Each group of finalists will now be voted on by general merchandise managers of discount department store chains, who in a similar fashion will decide the winner, first runner-up and second runner-up.

The winners of the SPARC balloting will receive their awards at *Discount Store News'* annual SPARC banquet, to be held this year on Sunday, Aug. 10, at the Marriott Hotel in Chicago—while retailers and suppliers are in town for the hardware show. A cocktail party will precede the banquet at 7 p.m.

Also at the annual SPARC banquet, Caldor founder and president Carl Bennett will be honored as the Discounter of the Year. Wal-Mart founder and chairman Sam Walton will be inducted into DSN's Discounting Hall of Fame.

Women's Outerwear For Fall

Short Story: Buyers Tout Vests, Jackets

DSN Apparel Report

Vests will take off and jackets increase their sales share in discount store outerwear departments this fall, buyers predict.

Up and coming are familiar ski wear looks—nylons, poplins, and down—revitalized in designer shades, bright colors and whites. Buyers also expect fake furs and suedes to be hot items.

Full-length coats, however, are being passed over by consumers searching for lower-ticket garments and buyers looking for faster-turning merchandise.

With the coat de-emphasis passes the influence of wool-type fabrics.

The current variety of new materials is echoed in styles, which buyers are massing-in to capture scarce consumer dollars.

It's happening already at K mart Apparel, where traditional coat business is slacking off, giving way to shorter-length garments.

"It's not dramatic. Coats haven't dropped from 60% to 10% of the mix. But they may have dropped from 60% to 55%," said Bob Rosenberg, a buyer for the K mart subsidiary.

With the average price for a

(Continued on page 31)

2 of 3 Woolcos in Atlanta Area Will Be Shuttered by July 15

ATLANTA—Woolco is retreating from Atlanta.

Aggressive competition, low-traffic locations and an inability to overcome per-store operating costs are forcing the industry's second-ranked chain to close two of its three stores here by July 15, according to a spokesman for the chain.

The two stores, both 100,000-sq.-ft.-plus units—one in Atlanta and a second in suburban Marietta—will be taken over by Burlington Coats, a factory outlet operation.

"We prefer to consolidate our position in other, more profitable markets," the spokesman said. The Woolco stores have been in Atlanta since the late 60's.

Atlanta, where K mart and Richway dominate with 15 and 18 stores, respectively, was never one of the markets targeted by Woolworth/Woolco management for expansion (clustering).

Cities and areas selected to bear the weight of the company's growth—among them New Orleans, Washington, Tampa, Fla., San Antonio, Nashville, Denver, Philadelphia and Long Island—were those where a strong store base had already been established.

"When we believed Long Island was a market for us," the spokesman said, "we opened five stores in one day."

This was not the case in Atlanta, where according to many of the chain's competitors, the three stores never made a name for themselves.

It seems doubtful that the one remaining Atlanta store, a 118,000-sq.-ft. anchor in the Stewart-Lakewood Shopping Center, will be able to do what three stores could not.

The spokesman added that the company would continue to operate its Georgia Woolworth stores and the eight-year-old 85,000-sq.-ft. Woolco in Waycross, a town of 17,000 in the southeastern corner of the state—and the home of a new, 55,000-sq.-ft. K mart.

Korvettes Plans to Ax Another 2,000 Employees; Denies It Will Close All But 18 of Its 36 Stores

NEW YORK—Korvettes plans to fire another 2,000 employees during the next two to three months as part of its recovery effort.

The cutback, acknowledged by a company spokesman at presstime, follows earlier staff reductions that have seen 3,000 employees let go at both the headquarters and store level.

The spokesman denied a report that the chain's financial recovery plan, now being considered by its major bank lenders, calls for the discounter to close all but 18 stores in the metropolitan New York area.

Such a move would see the chain shut 18 stores. It would pull out of the Detroit and metropolitan Washington, D.C., markets and close the two operational stores in Philadelphia.

The cutback could see as many as 100 employees dropped from the stores that Korvettes would continue to operate.

The latest staff reduction would affect employees at both headquarters and store level, as did the previous cutbacks which also saw a number of top merchandisers leave the discounter.

Frank Arone, vice president and divisional merchandise manager for men's apparel, has left the company.

Among the Korvettes that would be retained in the New York area under the financial recovery plan are the stores in Herald Square, the Bay Ridge unit in Brooklyn and the Pelham store just north of New York.

Korvettes continues to decline comment on reports that it will move its headquarters to the Herald Square store from its current space in an office building.

Japanese-Owned Discounters to Remodel in Hawaii

Discount Store News continues with its coverage of a major head-on battle that is shaping up in Hawaii. In the last edition the stage for the battle was set. Now the rivals square off for the fight.

HONOLULU—It was last December when the first in a series of events occurred that would rock the discount store industry in the nation's 50th state.

The three stores owned by the bankrupt Parkview-GEM company were acquired for $7.5 million by Hawaii-Seiyu, a subsidiary of Japan's Seiyu Stores.

But it wasn't until two months later when Daiei Inc., Japan's largest retailer, with sales in excess of $5 billion, acquired Holiday Mart's three Oahu stores for $15 million that it became apparent that a major head-on confrontation was in store.

In the next year alone, Holiday Mart intends to upgrade its Honolulu store with new ceilings, fixtures and floors—moves that Daiei's general merchandising manager Darrel Brungardt hopes will result in a 30% to 40% increase in sales per square foot.

And even greater profits may be in store for the chain—which is already making $180 per square foot without its supermarket figures included—when the operations of several leased departments are assumed by the company by the end of the year.

Not to be outdone, GEM of Hawaii is planning to sink between $1 million and $1.3 million over the next few years into remodeling its 77,280-sq.-ft. Dillingham Boulevard store, which houses the corporate offices.

And the present 16,848-sq.-ft. warehouse on the same site will be converted into additional selling space while a new 30,000-sq.-ft. warehouse is built.

Officials of both chains declined to predict the outcome of the battle and warned that comparisons between the two chains are difficult to make.

For example, GEM is more oriented toward soft goods while Holiday Mart is heavily oriented toward food.

The situation is further complicated by the fact that the Islands' top retailer, Duty Free Shoppers, may have some of its market pulled away if other chains are eventually granted duty-free licenses. The only present licensee is Duty Free Shoppers.

GEM, however, may have an edge in the competition.

Glenn A. Kaya, GEM president, is reputed to be a sharp merchant and somewhat of a financial wizard who has the advantage of having been born and raised on the Islands.

"Whenever you have an insular society," Kaya is fond of saying, "it is difficult for outsiders to come in and find the key."

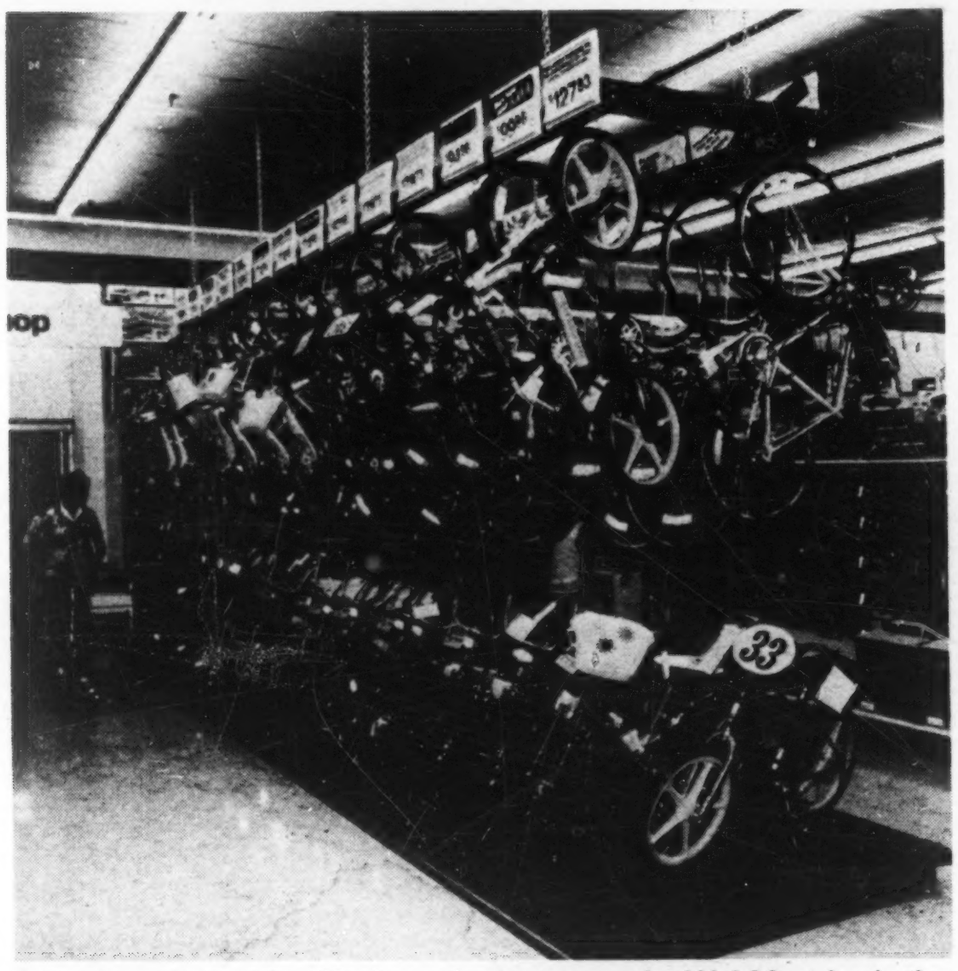
Some security analysts have said this may be why such retailers as Pay Less Drug (Calif.), now part of Pay Less Northwest, never fared particularly well on the Islands.

Daiei (USA) officials are quick to note, however, that "outsiders" such as themselves have some strong points.

Their entry into Hawaiian retailing began in 1972 with the opening of the Pearlridge store.

It was only the second time in

(Continued on page 28)



Bikes have been identified as a key category by Wal-Mart (as in the Rogers, Ark., store), and chain's unit sales are expected to hit 120,000 this year. (DSN photo)

Buyers Expect to Peddle Bikes At Record Pace; Dirt Style Hot

DSN Nationwide Report

Discounters—riding high on a growing health craze and on popular new styles from California—say they expect to roll in big profits as customers roll out bicycles in record numbers.

Unit sales on bicycles were reported to have increased by as much as 17% last year, and some buyers are predicting increases of 5% to 10% more this year.

Largely responsible for the strong sales are styles resembling dirt bikes that originated in California two years ago, and are beginning to take the country by storm.

But three- and 10-speed bicycles, which began to soar in sales during the 1979 gas lines, are still big sellers. Buyers for chains such as Woolco, Hills and Gibson's said they will continue to do well for the foreseeable future.

"For the first time ever last year, more bicycles were sold nationwide than cars," explained a Gibson's buyer, "and there's a good chance this year will be even better."

Buyers for most of the firms surveyed said they expected motocross styles to remain strong at least through Christmas and probably well into next year.

Spokesmen for Barkers and several other major chains said another big trend is already building in California that will

(Continued on page 29)

King's, Seeking Barkers and Franklin, Holds Preliminary Talks With Cornwall

NEWTON, Mass.—For the second time this year, King's is involved in acquisition talks. The Massachusetts-based retailer is now trying to gain control of Barkers and Franklin Stores, both owned by Cornwall Equities Ltd., parent of King's.

Earlier this year, Cornwall, headquartered in New York City, acquired King's. Cornwall, a privately owned holding company, owns approximately 12% of King's stock.

Not Settled

At presstime, acquisition talks were in the preliminary stages and were being reviewed by the boards of directors of both King's and Cornwall. A specific purchase price had not yet been agreed upon.

Neither Sol Kittay, chairman of the board of Cornwall, nor officials at any of the chains involved would comment on the talks.

Calls to several retail stock analysts also failed to shed more light on the deal. Several suggested that Cornwall was attempting to consolidate its retail holdings, but declined to speculate further.

In the first quarter of 1980, ended May 3, King's posted a $918,000 net loss on sales of $118,941,000, compared with a net loss of $235,000 on total sales of $106,590,000 for the comparable quarter ended April 28, 1979.

Barkers owns and operates 57 discount stores in the northeastern and south central states, as well as in Puerto Rico, and the Virgin Islands. King's operates 191 stores in 18 states.

Between them King's and Barkers do an estimated $850 million to $900 million in sales.

In This Issue . . .

EXPOSURE HELPS. New H&BA items backed by heavy TV advertising are making waves in discount stores. For example, brand name creme rinses and conditioners that got TV exposure this year surpassed last year's dollar movement by 25%, according to the latest PMA. (P. 14)

WARM WEATHER TUNE-UP. Spring enticed do-it-yourselfers into discounter auto departments, anticipated by a rise in buyers' orders of polishes and plastic sealants—which headed the most recent auto PMA. (P. 16)

THE WAY OF THE FUTURE. The Discounter Management Development Series examines strategic planning and its significance in today's business environment. In this installment, Touche Ross' Harvey Braun takes retailers through the fundamental steps. (P. 13)

ACTION! A new generation of retailer-backed political action committees has emerged in the country. The NMRI recently formed such a group—the National Mass Retailing Institute Political Action Committee (NMRIPAC). (P. 4)

Departments . . .

Advertising News 25
Classified Advtg. 26-28
Discounter Management Development Series 13
Editorial 4
Executive Changes 22
Product Movement Audit
Automotive 16
Health & Beauty Aids ... 14

More Chains Spot Expanded Food Service Up Front

Nationwide DSN Report

The familiar snack bar found today in many discount stores is going the way of other nostalgic items from discounting's variety store heritage, if upscaling executives have their way.

The smell of buttered popcorn or roasting franks will remain; so will warm-toned counters serviced by a few store employees.

Many discounters already have stepped, with varying degrees of confidence and expertise, into the role of restaurateur.

Whether through additional seating, expanded menus or a new theme, discounters are moving food service farther up front to capitalize on store traffic—beginning to pick up on a trend in department and specialty stores, where food services increasingly are geared to attract the nonshopping diner.

So far, however, discounters' development is keyed to instore location and enhancing the shopping experience for customers, rather than focusing on nonshoppers.

By moving their new theme restaurants up front, Jefferson stores—more committed to the department than most chains—will become more competitive, have longer store hours and a more "enticing" atmosphere.

Jefferson is moving away from the snack bar concept to a "patio garden" theme.

Formerly, snack bars were located at various spots throughout the store. In some recently acquired stores, Jefferson expanded existing up-front restaurant facilities, and in other buildings will add the necessary space.

Although construction has been running behind schedule, the first of seven new theme operations was scheduled to open by presstime.

"Location is the key," said George Seckinger, vice president, Jefferson/Ward store operations. "It's a matter of moving it up, bringing in the right equipment and coming up with the right decor."

For some discounters, it is even simpler.

"As we go into larger stores—with the majority of them in the

(Continued on page 29)

Cook's new unit in the Pyramid Mall, Syracuse, N.Y., includes this snack bar, a first for the chain in that market. Two other area Cook's stores are slated to get snack bars later this year. (DSN photo)

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